



**David Cain**  
Texas House of Representatives  
District 107

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November 22, 1993

The Honorable Dan Morales  
Attorney General  
P.O. Box 12548  
Austin, TX 78711-12548

NOV 30

MBJ

FILE # ML-23456-93

Re: Texas Local Government Code Section 252.021

I.D.# 23456

**RQ-644**

Dear General Morales,

Each year, cities in Texas receive grants in the form of Community Development Block Grant (CDBG) funds. These grants are federally funded and administered by the recipient cities. The federal government does not require that CDBG funded projects be competitively bid if cities award a grant to a nonprofit corporation.

Section 252.021 of the Texas Local Government Code requires competitive bidding before a city with 50,000 or more inhabitants can enter into any contract involving expenditures of more than \$15,000.00 from one or more municipal funds. The term "municipal funds" is not defined in title eight of the Local Government Code, which regulates local government contracting, however, the Texas Community Development Act of 1975 (TCDA) references both the term "municipal funds" and "federal funds." Tex. Loc. Gov't Code section 373.005(c) (Vernon Supp. 1993). The TCDA does not address competitive bidding.

This letter requests an opinion on the following questions:

Are CDBG funds received and redistributed by a city subject to state competitive bidding laws: (a) when a nonprofit contractor is receiving the funds; and b) when a for-profit entity is receiving the funds?

Thank you in advance for your attention to this matter.

Sincerely,

*David Cain*

David H. Cain  
State Representative

DHC/ir  
attachment